



**MARKET: Russia**

# Sum-up of the current situation

## • *The biggest challenges rights*

- The biggest challenge is **to overcome the crisis**.
- Uncertainty about the situation and the **future of travel industry**.
- Too **much speculation and rumours** about the future. It is impossible to make any prediction or forecasts. All Russian agencies have to wait for the official government statement.
- Russian agencies hope to keep the company and continue their work after the crisis. The main challenge is to **survive without profit**.
- Quite many **employees are furloughed** without salary.



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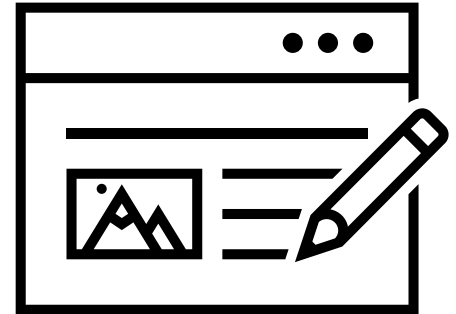
## *The interest/requests for Norway now in the time ahead*

- For the time being Russian agencies do not have any new bookings on future international trips. Completely stop!
- When the border will be open again, the sale will start. Not earlier than after New Year 2021, most probably **spring 2021**.
- Some agencies started to offer new products: **digital and virtual events**. It takes time to change the business model.
- Important to stay in touch with the key clients, have dialogue and when the situation will be more stable and predictable, the agencies could start offering them new events, programs and itineraries.

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### *How the market respond now when regions and countries again go “red”*

- Due to high number of COVID cases Russia has been on the block list for EU/EØS countries and Norway.
- Russia re-opened direct flights with the following countries:
  - from the 01st of August: Great Britain (14 days quarantine), Turkey, Tanzania.
  - from 15th of August: Switzerland.
  - from 2nd of September: Egypt, United Arab Emirates, Maldives.



## *New trends compared to before corona*

- ✓ Safety is the highest priority.
- ✓ Digitalisation of sales: increase of online bookings, different digital tools.
- ✓ Despite global digitalisation process offline events will be even more required. People are very hungry for live communication, so we do not expect widespread rejection of business/corporate trips and events.
- ✓ Corporations spend their considerable MICE budgets to maintain such an important indicator as employee engagement. Not any online systems can handle this.
- ✓ Prefer individual transportation/transfers.
- ✓ Short booking period before travel.
- ✓ Price sensitivity /Cost efficiency.



## ***What the buyers need from Norwegian partners/suppliers in the time to come***



- ✓ Provide full information about MICE opportunities and present competitive and attractive MICE products in Norway
- ✓ Regular update and reliable information on safety regulations and restrictions due to corona situation
- ✓ Flexibility in booking policy
- ✓ Stay open for cooperation and keep dialogue

# Market insight Russia

## ***Travel advice in Russia at the moment***

- ✓ Travel advice from the Russian Government – stay at home or organise events locally in Russia.
- ✓ The largest Russian airlines Aeroflot suspended international flights (except Turkey, Great Britain, Tanzania and Switzerland, Egypt, United Arab Emirates, Maldives) up to 23 October 2020.
- ✓ Flight connections between Russia and France, Hungary, Malta, Cyprus, Jordan, Egypt and China are under negotiations at the moment.



## ***The rules for social distancing in Russia***

- ✓ Rules for arranging events differ in every region of Russia and are imposed by the regional government authorities:
  - in Moscow – from 4<sup>th</sup> of September it is permitted to organise exhibitions and congresses, corporate events with 50 people limit.
  - in St.Petersburg – from 12<sup>th</sup> of September it is permitted to organise exhibitions and congresses, corporate events with 100 people limit.



# Market insight Russia



## ***How the business is affected in Russia***

- ✓ International MICE tourism industry suffers heavily due to closed borders.
- ✓ High risk of unemployment and bankruptcy in MICE travel business.

## ***What the Russian tourism authorities communicate***

- ✓ New cashback program was launched by Rostourism on 21. August in order to stimulate sales of inbound tourism.



## ***The socioeconomic consequences in Russia***

- ✓ Fitch has upgraded its forecasts for the Russian economy in 2020 and now expects a GDP decline of 4.9%
- ✓ Consumer demand is recovering, fiscal support has been increased significantly and oil prices have recovered
- ✓ The government anti-crisis budget measures account for an estimated 3.5% of GDP, and will likely prevent a sharp deterioration in the labour market, and help to protect household income
- ✓ Growth will be above trend in 2021-2022, but GDP will not return to its pre-virus (4Q19) level until the start of 2022
- ✓ Due to geopolitical factors Fitch expects inflation to accelerate to 3.9% at end-2020 but this will be temporary.

## Russian MICE Market recovery after the crisis

In my opinion the consequences of the crisis will have negative impact on MICE tourism industry at least for 1 year:

1. **International air traffic will not be recovered immediately**, therefore MICE agencies will probably loose 30-40% of business in the year to come.
2. **Companies themselves can impose restrictions** on a number of international destinations at the first stage due to increased security measures.
3. **The crisis has affected absolutely all sectors of the Russian economy**, which means that customers will also need to recover in order to return to the previous volumes of business trips.
4. **The psychological factor will hold back the rapid growth of the industry** — people need time to overcome their fears and return to “normal”.

## Information to the Norwegian MICE industry

- Do not give up but **think about the future**. People still be travelling and having meetings in the future.
- After all, **the value of personal contact** with colleagues, face-to-face negotiations with customers and suppliers will not be replaced by any technologies of remote communication.
- MICE is not facing the first crisis in Russia, and every time the business tries to find new ways of optimisation.
- Every crisis in the MICE and business tourism industry predicts a decline, but this is a dynamic business that is capable to recover. MICE is the first to suffer, but also the first to gain momentum.





Tusen takk!  
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